THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) Service tax is leviable only on the risk cover in life insurance and is in force since 10.9.2004. In cases where the premium amount towards risk cover is not separately shown in the documents and the premium paid is not entirely towards the risk cover, insurance companies have an option to pay service tax on 1 % of the gross amount charged. The rate of service tax otherwise is 10% plus 2% educational cess (total rate being 10.2%).

(c) The following services were brought under the tax net since June 2004.

(i) Business exhibition services

(ii) Airport services

(iii) Transport of goods by air

(IV) Survey and exploration of minerals

(v) Opinion poll services

(vi) Intellectual property service (except copy rights)

(vii) Forward contract service

(viii) Pandal and Shamiana service

(ix) Outdoor catering

(x) TV or radio programme production

(xi) Construction service relating to commercial/industrial buildings

(xii) Travel agents

(xiii) The levy of service tax on Transport of goods by road would come into effect on 1.1.2005.

(d) As it is a policy matter, no comment is offered.

Recommendation of 11th Finance Commission

1951. SHRI A. VIJAYARAGHAVAN: Will the Minister of FINANCE be pleased to State:

(a) whether it is a fact that performance in development indicators,

such as health and education of State are also considered as parameters for recommendations of 11th Finance Commission;

(b) if so, details including recommendations for various Sates and parameters considered by 11th Finance Commission;

(c) whether Government of Kerala requested the Finance Commission to set right the imbalances in recommendations of Commission;

(d) if so, the action taken with details thereof; and

(e) whether steps will be taken to develop criteria for recommendations of Finance Commission so that the States can maintain their performance in development indicators, such as health and education?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, sir.

(b) Does not arise.

(c) Yes, Sir.

(d) and (e) Finance Commission, a Constitutional body, develops their own criteria for determining the inter-se share of the States.

Income Tax Exemption to Patrons of Sports Authority of A.P.

1952. SHRI NANDI YELLAIAH: Will the Minister of FINANCE be pleased to state:

(a) Government's decision already taken/proposed to be taken in response to the Chief Minister of Andhra Pradesh letter dated 20th June, 2003 addressed to him seeking Income Tax exemption under Section 80(g), to financial sponsors and patrons of Sports Authority of Andhra Pradesh; and

(b) if not, the reasons therefor in not taking a favourable decision in this regard, to reduce State's financial burden to some extent with regard to sports activities in Andhra Pradesh?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No decision could be taken for want of details.

(b) The said letter did not contain any particulars of the applicants and